

**BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

Docket No. 2008-329-C

In Re: Application of Time Warner Cable Information)
Services (South Carolina) LLC, d/b/a Time)
Warner Cable to Amend its Certificate of Public)
Convenience and Necessity to Provide)
Telephone Services in the Service Area of)
Rock Hill Telephone Company d/b/a Comporium)
Communications and for Alternative Regulation)

DIRECT TESTIMONY OF

WARREN R. FISCHER, C.P.A.

ON BEHALF OF

TIME WARNER CABLE INFORMATION SERVICES (SOUTH CAROLINA) LLC

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EXHIBITS

Exhibit WRF-1:	Curriculum Vitae
Exhibit WRF-2:	Comporium Communications Alternative Regulation Plan
Exhibit WRF-3:	Cited Portions of Rock Hill's 2007 Telecommunications Company Annual Report
Exhibit WRF-4:	Cited Portions of Rock Hill's 2003 Telecommunications Company Annual Report
Exhibit WRF-5:	Cited Portions of Rock Hill's 2004 Telecommunications Company Annual Report
Exhibit WRF-6:	Cited Portions of Rock Hill's 2005 Telecommunications Company Annual Report
Exhibit WRF-7:	Cited Portions of Rock Hill's 2006 Telecommunications Company Annual Report
Exhibit WRF-8:	Cited Portions of AT&T South Carolina's 2007 Telecommunications Company Annual Report

I. INTRODUCTION

Q. PLEASE STATE YOUR NAME, TITLE, AND BUSINESS ADDRESS FOR THE RECORD.

A. My name is Warren R. Fischer. I currently serve as Chief Financial Officer for QSI Consulting, Inc. ("QSI"). My business address is 2500 Cherry Creek Drive South, Suite 319, Denver, Colorado 80209.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.

A. I have a Bachelor of Science degree in Business Administration with a concentration in Accounting from the University of Colorado in Boulder, Colorado. I am licensed as a Certified Public Accountant in the States of Colorado and California.

Q. PLEASE GIVE A BRIEF DESCRIPTION OF YOUR PROFESSIONAL EXPERIENCE

A. After graduating from the University of Colorado, I worked for several years as an accountant with Deloitte & Touche conducting financial audits. Thereafter, I worked for two major corporations as a financial analyst. I joined AT&T Wireless Services in 1995 as a financial analyst where I managed the preparation of annual revenue forecasts for the company's cellular division. In 1996, I transferred to AT&T Corp. where I became a financial manager and a subject matter expert on pricing and costing issues involving local exchange and exchange access services. In 2000, I joined QSI as a Senior Consultant. In 2007, I became QSI's Chief Financial Officer.

Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THIS OR OTHER PUBLIC UTILITY COMMISSIONS?

1 A. While I have not testified before the Public Service Commission of South Carolina
2 ("Commission"), I have testified at the FCC and before 18 other state commissions
3 on rate of return issues as well as pro-competitive regulatory reform issues
4 concerning universal service, inter-carrier compensation, and appropriate cost-based
5 rates under the FCC's Total Element Long-Run Incremental Cost ("TELRIC")
6 methodology. A more detailed description of the cases wherein I have provided
7 testimony is included in my curriculum vitae as Exhibit WRF-1.

8 **Q. ON WHOSE BEHALF ARE YOU FILING THIS TESTIMONY?**

9 A. I am testifying on behalf of the Time Warner Cable Information Services (South
10 Carolina) LLC ("TWCIS").

11
12 **II. PURPOSE OF TESTIMONY**

13 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

14 A. The purpose of my testimony is to demonstrate that the availability of affordable
15 basic local exchange rates in Rock Hill Telephone Company's ("Rock Hill")¹ service
16 area is not at risk and that Rock Hill is financially strong enough to withstand
17 competition from TWCIS. While a local exchange carrier's ("LEC") financial health
18 is not (and should not be) an explicit consideration in the Commission's evaluation
19 of TWCIS's application under S.C. Code §58-9-280, I have nevertheless considered
20 that issue in evaluating whether TWCIS' provision of service (1) will not adversely

¹ Rock Hill is under common ownership and management with Fort Mill Telephone Company and Lancaster Telephone Company. All of these affiliated companies do business as Comporium Communications.

1 impact the availability of affordable local exchange service² and (2) provision of the
2 service does not otherwise adversely impact the public interest.³ The other factors
3 stated in §58-9-280 that are relevant to the Commission's determination in this
4 proceeding are addressed in detail by the testimonies of August Ankum, Ph.D. and
5 Julie Laine.

6 My testimony will describe the restriction on Rock Hill's ability to raise basic
7 local exchange rates under the terms of the alternative regulation requirements of
8 §58-9-576 and demonstrate that Rock Hill is a financially strong company through
9 analysis of its financial results over the period 2003 - 2007. Dr. Ankum discusses
10 general economic policy issues associated with TWCIS' application as well as the
11 numerous services offered by Rock Hill that will allow it to continue operating as a
12 strong company after competitive entry by TWCIS into its market.

13
14 **III. TWCIS' ENTRY WILL NOT ADVERSELY AFFECT THE**
15 **AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**
16 **SERVICE**

17 **Q. WHAT IS YOUR UNDERSTANDING OF THE ALTERNATIVE**
18 **REGULATION PROVISIONS OF SOUTH CAROLINA CODE §58-9-576**
19 **THAT IMPACT AN RLEC'S RATES?**

20 A. A rural local exchange carrier ("RLEC") such as Rock Hill that elects to have the
21 rates, terms, and conditions for its services determined pursuant to §58-9-576(B) is

² See S.C. Code §58-9-280(B)(3).

³ See S.C. Code §58-9-280(B)(5).

1 subject to the following terms and conditions on the rates it can charge for basic local
2 exchange and all other services:

- 3 1. Residential flat-rated local exchange service and single-line business local
4 exchange service rates in effect on the date of the LEC's election to be subject to
5 alternative regulation are the maximum rates it can charge for those services
6 unless those rates are less than the statewide average local service rate, weighted
7 by the number of access lines. For small LECs whose prices are less than the
8 statewide average rate, the Commission may waive the cap on local service rates
9 until the LEC's residential flat-rated local exchange service rate equals the
10 statewide average local residential service rate, weighted by the number of access
11 lines, and the single-line business flat-rated local exchange service rate equals
12 two times the statewide average local residential service rate.⁴
13
- 14 2. LECs subject to the local exchange service rate cap may adjust rates for
15 residential flat-rate local exchange service and single-line business flat-rate local
16 exchange service annually pursuant to an inflation-based index.⁵
17
- 18 3. LECs have the flexibility to set rates for all other services at their discretion as
19 long as rates do not discriminate unreasonably between similarly situated
20 customers.⁶
21

22 **Q. HAS ROCK HILL ELECTED ALTERNATIVE REGULATION FOR ITS**
23 **SERVICES?**

24 A. Yes. Rock Hill filed its Alternative Regulation Plan on July 1, 2005, and the
25 Commission approved it on September 7, 2005.⁷

26 **Q. WAS ROCK HILL SUBJECT TO THE TWO-YEAR CAP ON RAISING**
27 **LOCAL SERVICE RATES BEYOND THE RATES IN EFFECT ON THE**
28 **DATE OF ITS ELECTION?**

⁴ See S.C. Code §58-9-576(B)(3).

⁵ See S.C. Code §58-9-576(B)(4).

⁶ See S.C. Code §58-9-576(B)(5).

1 A. No. In its Alternative Regulation Plan filing, Rock Hill noted that its flat-rated local
2 service rates for residential and single-line business customers were priced below the
3 statewide average at the date of its election, July 1, 2005.⁸ Therefore, Rock Hill
4 requested a waiver of S.C. Code §58-9-576(B)(3) and (4) until its rates equaled the
5 statewide average rate.⁹

6 **Q. DID ROCK HILL INCREASE ITS LOCAL SERVICE RATES BETWEEN**
7 **THE EFFECTIVE DATE OF ITS ALTERNATIVE REGULATION PLAN**
8 **AND THE PRESENT TIME?**

9 A. Yes. Rock Hill increased its flat-rate residential local service rate to the statewide
10 average of \$14.35 on September 1, 2006.¹⁰ Its single-line business rate is two times
11 this rate (\$28.70) which is the statewide average rate for single-line business
12 customers. Subsequent to the date of this rate increase, Rock Hill's two-year period
13 of capped rates expired on August 31, 2008.

14 **Q. COULD ROCK HILL'S FLAT-RATED LOCAL SERVICE RATES FOR**
15 **RESIDENTIAL AND SINGLE-LINE BUSINESS CUSTOMERS INCREASE**
16 **AFTER THE EXPIRATION OF THE TWO-YEAR PERIOD?**

17 A. Yes. Since the two-year cap period expired August 31, 2008, Rock Hill could raise
18 its rates if the inflation-based index has increased to permit a rate increase.

⁷ See Comporium Communications Alternative Regulation Plan filed in Docket No., 2005-203-C and attached as Exhibit WRF-2. Comporium Communications' Alternative Regulation Plan was approved in Order No. 2005-464.

⁸ See Application in Exhibit WRF-2, page 2.

⁹ Id.

¹⁰ See Rock Hill Telephone Company Subscriber Service Tariff, Section III – Page 1, Sixteenth Revision, section 2.0 Rates and Charges, effective September 1, 2006.

1 However, Rock Hill will have to weigh the pros and cons of such an increase in light
2 of the competitive alternatives offered by other carriers. Rather than risk losing
3 current customers, the more rational response from a business perspective would be
4 to reduce prices on its local exchange services or offer its customers attractive
5 bundles of services to provide them an incentive to stay. Rock Hill already offers its
6 residential customers packages of bundled services.¹¹ These can be expanded to
7 meet competitive threats. Dr. Ankum discusses the various services offered by Rock
8 Hill which include long distance, high speed Internet, wireless telephone, video, and
9 home security services at a minimum. As Dr. Ankum's testimony explains in detail,
10 bundled offers focus the customer's attention on the convenience and cost savings of
11 receiving multiple services from a single provider and paying a single bill.

12 **Q. DO SUBSEQUENT POTENTIAL RATE INCREASES BY ROCK HILL**
13 **HAVE ANY RELEVANCE IN THIS CASE?**

14 A. No. Rock Hill's local service rates are already at the statewide average rate which is
15 presumed to be an affordable rate based on the South Carolina General Assembly's
16 enactment of the statute defining the parameters of the statewide average rate
17 calculation. Any decision by Rock Hill to increase its rates beyond the currently
18 effective rates upon the expiration of the two-year freeze period will be independent
19 of TWCIS' entry into its market and will also be limited to the inflation-based index
20 stipulated by S.C. Code §58-9-576(B)(4).

¹¹ See residential local service product packages at Comporium Communications' website:
<http://www.comporium.com/res/>.

1 **Q. BASED ON THE ALTERNATIVE REGULATION RULES DISCUSSED**
2 **ABOVE, WILL TWCIS' APPLICATION IN THIS CASE ADVERSELY**
3 **IMPACT THE AVAILABILITY OF AFFORDABLE LOCAL EXCHANGE**
4 **SERVICE?**

5 A. No. To the contrary, TWCIS' entry into Rock Hill's market will increase choices to
6 customers and thus *promote* the availability of affordable local exchange service.

7
8 **IV. ROCK HILL IS IN A STRONG AND HEALTHY FINANCIAL**
9 **POSITION SUFFICIENT TO SUCCEED IN A COMPETITIVE**
10 **MARKET**

11 A. **Rock Hill's 2007 Financial Results**

12 **Q. PLEASE DESCRIBE ROCK HILL'S CURRENT FINANCIAL POSITION.**

13 A. My review of Rock Hill's 2007 Telecommunications Company Annual Report
14 ("Annual Report") filed with the Office of Regulatory Staff and the Commission
15 finds that Rock Hill is a profitable company with almost \$165 million in retained
16 earnings along with a strong balance sheet that reflects a viable net working capital
17 position and a manageable amount of long-term debt.¹²

18 **Q. WHAT IS THE SIGNIFICANCE OF ROCK HILL'S RETAINED EARNINGS**
19 **BALANCE?**

20 A. Rock Hill's retained earnings balance reflects the accumulation of profits it has
21 earned over a number of years. Because of its increasing profitability, Rock Hill has

¹² See 2007 Annual Report, Balance Sheet. Cited portions of 2007 Annual Report are attached as Exhibit WRF-3.

1 paid dividends annually in the range of \$6 million to \$7 million for the period 2003 -
2 2006.¹³ In 2007 Rock Hill declared a dividend of \$28.6 million that was almost five
3 times higher than the average of the previous four years.¹⁴ Clearly, Rock Hill's
4 management felt confident in the company's future in authorizing such an
5 extraordinary dividend payment. The above discussion and analysis reveal that Rock
6 Hill has enjoyed great financial success in recent years.

7 **Q. WHAT IS WORKING CAPITAL AND HOW IS A COMPANY'S WORKING**
8 **CAPITAL POSITION EVALUATED?**

9 A. Working capital is simply the difference between a company's current assets and its
10 current liabilities. Current assets are those that could be converted to cash in less
11 than a year while current liabilities are obligations that must be repaid within one
12 year. A company with a positive working capital position is one where current assets
13 exceed current liabilities. The strength of a company's working capital position is
14 typically measured as the ratio of current assets to current liabilities. A working
15 capital ratio that is greater than 1.0 indicates that a company has sufficient resources
16 to pay its short-term debts.

17 **Q. WHAT WAS ROCK HILL'S WORKING CAPITAL POSITION AT THE END**
18 **OF 2007?**

¹³ See 2003 - 2006 Annual Reports, Balance Sheet, (Cited portions of 2003 Annual Report are attached as Exhibit WRF-4. Cited portions of 2004 Annual Report are attached as Exhibit WRF-5. Cited portions of 2005 Annual Report are attached as Exhibit WRF-6. Cited portions of 2006 Annual Report are attached as Exhibit WRF-7).

¹⁴ See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

1 A. Rock Hill's 2007 Annual Report shows that it had the following current assets and
2 current liabilities resulting in a working capital ratio of 0.68.¹⁵

WORKING CAPITAL RATIO	CURRENT ASSETS	CURRENT LIABILITIES	CURRENT RATIO
	24,804,872	36,476,420	0.68

3
4 On the surface, Rock Hill appears to have had had insufficient resources necessary to
5 satisfy its short-term obligations at the end of 2007. To see if this was an anomalous
6 occurrence, I reviewed Rock Hill's working capital ratio for the years 2003 through
7 2006. Rock Hill's working capital ratio was greater than 1.0 in 2003 and 2006 but
8 less than 1.0 in 2004 and 2005. Apparently, Rock Hill management was not too
9 concerned with its fluctuating working capital position over this period because it
10 declared dividends each year of at least \$6 million.

11 **Q. WHAT DOES THE DEBT-TO-EQUITY RATIO MEASURE?**

12 A. It measures the relative proportion of debt and equity used to finance a company's
13 assets. Rock Hill's 2007 Annual Report reflects the following long-term debt and
14 stockholder's equity values at the end of 2007 resulting in a Debt / Equity ratio of
15 0.24.¹⁶ This means 75% of Rock Hill's capital structure is equity based.

DEBT / EQUITY RATIO	LONG-TERM DEBT	STOCKHOLDER'S EQUITY	DEBT / EQUITY RATIO
	42,829,757	175,692,677	0.24

16

¹⁵ See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

¹⁶ See 2007 Annual Report, Balance Sheet, Exhibit WRF-3.

1 Rock Hill's Debt / Equity ratio indicates that it is not heavily leveraged which means
2 that it does not have to commit an inordinate amount of its cash flow to service its
3 debt. Therefore, Rock Hill can use its cash to invest in network infrastructure,
4 product development, and other undertakings that will improve its service offerings
5 and overall quality of service, making it a capable player as competition develops in
6 the market.

7
8 **B. Rock Hill's Financial Performance (2003 – 2007)**

9 **Q. HOW WOULD YOU DESCRIBE ROCK HILL'S FINANCIAL**
10 **PERFORMANCE OVER THE LAST FIVE YEARS?**

11 A. Based upon my review of Rock Hill's Annual Reports for the period 2003 – 2007,
12 Rock Hill has increased or maintained its revenue stream despite a downward trend
13 in access lines. Rock Hill also generated significant net income and Net Margin each
14 year. The following table illustrates the strong performance exhibited by Rock Hill
15 over the last five years.¹⁷

¹⁷ See 2003 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-4. See 2004 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-5. See 2005 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-6. See 2006 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-7. See 2007 Annual Report, Operating Revenue & Expenses, Balance Sheet, Retained Earnings, and Access Lines in Exhibit WRF-3.

**Direct Testimony of Warren R. Fischer, C.P.A.
On Behalf of Time Warner Cable Information Services (South Carolina) LLC
Docket No. 2008-329-C**

	OPERATING REVENUE (COMBINED)						
	TOTAL ACCESS LINES	TOTAL	LOCAL NETWORK SERVICE REVENUE	NET INCOME	NET MARGIN (NET INCOME / TOTAL REVENUE)	TOTAL RETAINED EARNINGS YEAR END	DIVIDENDS DECLARED
Rock Hill Telephone							
2003	56,730	\$ 39,899,528	\$ 17,544,042	\$ 3,806,248	9.5%	\$ 124,322,196	\$ 6,432,293
2004	55,731	\$ 39,425,877	\$ 17,965,918	\$16,272,966	41.3%	\$ 133,289,076	\$ 7,306,086
2005	54,393	\$ 38,797,945	\$ 17,545,505	\$16,002,066	41.2%	\$ 140,452,858	\$ 6,390,684
2006	53,140	\$ 38,361,763	\$ 17,542,041	\$30,854,650	80.4%	\$ 163,913,006	\$ 6,422,502
2007	53,707	\$ 39,696,228	\$ 17,973,053	\$29,619,320	74.6%	\$ 164,939,462	\$ 28,592,864
<i>Ratio 2007 to 2003</i>	-5%	-1%	2%	678%		33%	345%

In 2003, its total revenue was \$39.9 million, and it had 56,730 total access lines. In 2007, Rock Hill had \$39.7 million in revenue and 53,707 total access lines. Revenue declined by only 1% while access lines decreased by 5%. Rock Hill earned only \$3.8 million in net income in 2003 but then earned an astounding \$30.9 million in 2006 and \$29.6 million in 2007 resulting in a 678% increase over 2003. Consequently, retained earnings increased by 33% from 2003 to 2007, from \$124.3 million to \$165 million. Rock Hill's huge profits in 2006 and 2007 likely led to management's decision to declare a \$28.6 million dividend in 2007 out of its retained earnings as opposed to the \$6 million to \$7 million average dividend it had been paying. Total dividends over the five-year period were approximately \$55.1 million.

Q. WHAT IS NET MARGIN AND WHAT IS ITS SIGNIFICANCE?

A. Net Margin is a measure of profitability used by investors and financial analysts. Net Margin is calculated by dividing a firm's net profit by net sales. This ratio is used to measure a firm's performance over time. It can also be used to compare the firm's performance with other companies in the same industry.

Q. WHAT WAS ROCK HILL'S NET MARGIN OVER THE PERIOD 2003 – 2007?

A. As noted in the table above, Rock Hill's Net Margin ranged from a low of 9.5% in 2003 to a high of 80.4% in 2006. Rock Hill's 2007 Net Margin of 74.6% was only slightly less than its 2006 Net Margin. In comparison, AT&T South Carolina's 2007 Net Margin was only 8.7%.¹⁸ Compared to the largest telecommunications carrier in South Carolina, Rock Hill is an extraordinarily profitable company.

Q. HOW HAS ROCK HILL BENEFITED FROM UNIVERSAL SERVICE FUND SUPPORT?

A. Rock Hill receives both state and federal universal service fund ("USF") support.

The trend by year is reflected in the table below:¹⁹

	FEDERAL USF							
	STATE USF	HCL	ICLS	LSS	LTS	SNA	TOTAL FEDERAL USF	TOTAL STATE AND FEDERAL USF
Rock Hill Telephone								
2003	\$ 929,759	\$ 415,677	\$ 1,851,737	\$ -	\$ 917,952	\$ 619,020	\$ 3,804,386	\$ 4,734,145
2004	\$ 868,272	\$ (159,546)	\$ 1,978,008	\$ -	\$ 464,178	\$ 371,844	\$ 2,654,484	\$ 3,522,756
2005	\$ 951,919	\$ -	\$ 1,866,613	\$ -	\$ -	\$ 495,432	\$ 2,362,045	\$ 3,313,964
2006	\$ 1,014,729	\$ -	\$ 2,656,854	\$ -	\$ -	\$ 495,432	\$ 3,152,286	\$ 4,167,015
2007	\$ 993,377	\$ (132)	\$ 1,943,400	\$ -	\$ -	\$ 496,992	\$ 2,440,260	\$ 3,433,637
<i>Ratio 2007 to 2003</i>	7%	-100%	5%		-100%	-20%	-36%	-27%

¹⁸ See 2007 Telecommunications Company Annual Report of BellSouth Telecommunications, Inc. DBA: AT&T South Carolina, Operating Revenue & Expenses. Net Income of \$89,258,446 divided by Total Operating Revenue of \$1,030,269,190 results in an 8.7% Net Margin. Cited portions of 2007 Annual Report are attached as Exhibit WRF-8.

¹⁹ South Carolina USF disbursements are from Rock Hill's Response to TWCIS 1st Set of Interrogatories, No. 1-11. Federal USF disbursements are from Universal Service Administration Company data available at <http://www.usac.org/hc/tools/disbursements/>.

In 2003, it received \$929,800 in state USF support and \$3.8 million in federal USF support for a total of \$4.7 million. State USF support has increased slightly each year resulting in a 7% increase in 2007 state USF receipts over 2003. Conversely, federal USF receipts have declined by 36% since 2003. Rock Hill's USF support as a percentage of total revenue over the five-year period is shown in the table below which is a synthesis of the two previous tables:

	OPERATING REVENUE (COMBINED)		
	TOTAL	TOTAL STATE AND FEDERAL USF	% REVENUE FROM USF
Rock Hill Telephone			
2003	\$ 39,899,528	\$ 4,734,145	12%
2004	\$ 39,425,877	\$ 3,522,756	9%
2005	\$ 38,797,945	\$ 3,313,964	9%
2006	\$ 38,361,763	\$ 4,167,015	11%
2007	\$ 39,696,228	\$ 3,433,637	9%
<i>Ratio 2007 to 2003</i>	<i>-1%</i>	<i>-27%</i>	

In short, USF support is a significant portion of Rock Hill's revenue stream, and it will continue to provide a safety net to Rock Hill in the face of competition.

Q. IF ROCK HILL LOSES ADDITIONAL LINES AND REVENUE DUE TO MARKET SHARE LOSS TO TWCIS, WILL IT RECEIVE EVEN MORE USF SUPPORT THAN IT DOES TODAY?

A. Yes. When an RLEC such as Rock Hill loses access lines, its cost per loop increases since its static network costs are divided over fewer lines. As an RLEC's cost per loop increases over the national average cost per line, it will receive additional federal USF support. Regarding the state USF, LECs can receive additional support

1 in two different ways. First, it can file for rate reductions to services priced above
2 cost and recover projected lost revenue from the state USF. This allows a LEC to
3 adjust its prices to meet or beat the competition.²⁰ Second, if an RLEC loses its
4 lower cost customers to competition, it can petition the Commission to approve a
5 new cost study reflecting its change in cost per line.²¹

6 **Q. GIVEN THE FINANCIAL STRENGTH OF ROCK HILL, WILL TWCIS’**
7 **ENTRY INTO ROCK HILL’S MARKET ADVERSLEY IMPACT THE**
8 **AFFORDABILITY OF LOCAL EXCHANGE SERVICE?**

9 A. No. To the contrary, TWCIS’ entry in Rock Hill’s market will increase customer
10 choice and potentially lead to lower prices.

11 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

12 A. Yes, it does.

²⁰ See Docket No. 97-239-C, Order No. 2001-996, Exhibit A – Guidelines for South Carolina Universal Service Fund, § 9, page 7.

²¹ See S.C. Code § 58-9-280(E).